



Ameren News Release

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FOR IMMEDIATE RELEASE

Ameren Illinois Utilities Unveil Enhanced Plan to Soften Impact of Higher Electricity Costs for Approximately 90 Percent of Their Illinois Customers

New Relief for Residential Customers, Schools and Local Governments, More Support for Low-Income Assistance and Energy Conservation.

Decatur, Ill.; Peoria, Ill.; Springfield, Ill., Dec. 11, 2006— Based on feedback from customers, stakeholders and legislators, Ameren's Illinois utilities—AmerenCILCO, AmerenCIPS and AmerenIP—today announced a plan that substantially enhances an earlier phase-in proposal filed in October. This enhanced plan is available to approximately 90-percent of all Ameren Illinois customers – including eligible schools, local governments and small commercial customers – providing options to soften the impact of higher electricity costs beginning Jan. 2, 2007. This voluntary program means that customers can reduce the initial rate increases and pay for the deferred amounts at a later time. Because of the urgency of this matter, the companies requested the Illinois Commerce Commission (ICC) to act on an expedited basis, requesting a ruling on this new plan before Dec. 31, 2006.

"We have searched for ways to ease the impact of higher electricity costs—working in the spirit of compromise with legislators, regulators and consumer groups for a constructive, effective solution," said Scott A. Cisel, president of Ameren's Illinois utilities. "Our new Customer Elect Plan provides greater bill paying flexibility for more customers, encourages more energy efficiency, and renewable energy options for customers and offers more help to those in need—all while keeping our delivery companies financially stable so we can keep the lights on and the gas flowing."

Ameren Illinois Utilities' Enhanced Customer Elect Plan at-a-glance:

- **Expanded Phase In:** Provides residential customers, eligible schools, local governments and small commercial customers, the option of either paying the full amount of higher electricity costs in 2007 or phasing in an annual maximum increase of 14 percent for each of three years (2007-2009). This translates to an increase of approximately \$9 per month or 30 cents per day for an average residential customer.
- **Below Market Interest:** Offers below-market interest rate on deferred amounts that are due after the phase-in period expires. The enhanced plan cuts in half to 3.25% the rate charged to cover the utilities' financing costs of carrying deferred amounts. The utilities estimate that the rate charge would add about \$1 per month to an average residential customer's utility costs over the three-year repayment period (2010-2012).
- **More Assistance and Conservation:** Earmarks \$15 million to help residential customers pay their bills and save energy through energy conservation programs. In addition, part

of this funding may be targeted toward encouraging customers to install renewable technologies. This amount is triple the voluntary contribution included in the earlier proposal. The Ameren Illinois utilities will not seek to recover these funds from their customers.

Under the enhanced Customer Elect plan, increases would be phased in at the lesser of an annual maximum of 14 percent over three years or until the full amount of the rate increase is reached. At the end of the phase-in period, customers would have three years to repay the deferred billings, including carrying charges. All customers will pay the full rate in January with those who choose "early enrollment" (by April 10, 2007) in the Customer Elect Plan getting a bill reduction for January through April on their May bills. For the average residential customer, that increase would approximate \$30 per month or \$1 per day.

The enhanced Customer Elect Plan opens the phase-in option up to public, private educational institutions (k-12) and local government entities and to any small commercial customers who are slated to experience at least a 15 percent increase in their rates in 2007.

"We have been and continue to be concerned about the impact of higher electricity rates not only on our residential customers but also on local governments and schools," said Cisel. "As a taxpayer and parent myself, I strongly believe this is a constructive plan for this very important customer base."

As with the proposal filed with the ICC in October, the latest a customer can enroll is Aug. 21, 2007. However, the new plan provides deferrals that are retroactive to Jan. 2 for those customers who enroll by an April 10 deadline.

As part of these filings, the Ameren Illinois utilities have proposed an additional voluntary contribution totaling \$15 million over two years---up from the earlier filing's amount of \$5 million---to the Dollar More and Warm Neighbors programs to provide bill paying assistance, and to support energy conservation initiatives, provide rebates for energy efficient equipment and promote renewable energy options for customers. The companies would also continue their aggressive energy conservation education programs and would offer energy saving light bulbs at a substantial discount throughout the companies' Illinois service territories. The voluntary contribution will allocate \$9 million for bill paying assistance and \$6 million for energy conservation activities.

Since Ameren's Illinois utilities own no generation, the companies must purchase power from the competitive market to provide customers' energy needs. These costs will be passed onto customers---dollar-for-dollar with no mark-up. With the expiration of power supply contracts at the end of 2006 and the end of a 10-year rate freeze, Ameren's Illinois utilities must purchase power from the competitive wholesale market to meet customers' future energy needs. Those wholesale costs are higher than those contracted for in the past. However, even with the 2007 higher electric rates primarily resulting from increased electric supply costs, Ameren Illinois residential customers' electric rates will still be at or below national averages.

Ameren Corporation (NYSE: AEE) through its subsidiaries, serves 1.2 million electric and nearly 800,000 natural gas customers in Illinois.

Here's what Illinois' elected officials and other key stakeholders have to say about this enhanced program:

Sen. Frank Watson (R-Greenville)
Senate Republican Leader

"I believe the Illinois Commerce Commission is the appropriate body for making a decision of this kind. When the ICC reviews the details, I believe they will conclude that this is a responsible rate cap plan that merits their approval. It is a plan that will benefit most utility consumers -- including residential customers, schools, local governments and small businesses -- by softening the impact of anticipated rate increases. But it will also help insure reliable electrical and gas service. The snow and ice storm that roared through Illinois last week clearly demonstrated the need for stable utility companies that we can rely upon."

Sen. James F. Clayborne (D-E. St. Louis)
Majority Caucus Whip Chairman, Senate Environment & Energy

"I've supported a rate phase in. Ameren Illinois utilities' rate cap filing at the ICC is a positive step in that direction and is voluntary too. The additional \$15 million grants to low-income customers, the elderly and energy efficiency will help ease the financial impact of the increased rates. Ameren should be commended for bringing this filing before the ICC."

Rep. Bill Black (R-Danville) Deputy Republican Leader

"I have consistently maintained that the interests of the utility customers and the financial health of the utility need to be balanced because they are linked. Ameren Illinois utilities' new program is voluntary; the interest rate is a very reasonable 3.25% and it covers residences, 'mom and pop' business, schools and local government."

Rep. Tom Holbrook (D-Bellefonte)
Chairman, House Environment & Energy Committee

"Ameren Illinois utilities' voluntary rate cap deferral program filed at the ICC is a constructive plan that will soften the initial rate increases for customers. This along with the \$15 million of financial commitment to help customers pay their bills and to promote energy conservation will also help."

Senator Dale Risher (R-Peoria)
Republican Spokesman, Senate Environment & Energy Committee

"The Ameren Illinois utilities' filing will allow customers to choose to participate while retaining the utility's ability to provide reliable service. Including homeowners, small business, schools and local government provides a cushion for these customers to absorb the rate increases in their tight budgets. The ICC is the right place for this measure to be enacted before the rate hikes hit in January."

The Honorable James R. Dillon, Mayor of West Peoria

"I appreciate any program offered by Ameren Illinois utilities that will assist low income residents with the increased cost of electricity. Additionally, the proposed plan to assist municipalities will bring relief to cities like West Peoria."

Kathryn Hanneken Superintendent, Princeville Community Unit School District #326

"I applaud Ameren Illinois utilities for developing a phase-in program for Illinois School Districts. Although every school district must explore energy options in this time of deregulation, Ameren recognizes the negative financial impact on Illinois schools and is being proactive."

Mark E. Doan, Superintendent, Farmington Central CUSD #265

"I would like to thank Ameren Illinois utilities for the proactive steps taken to deal with the burdensome increase in electrical costs that school districts are facing. With deregulation, there have been many options discussed but very few actual programs developed to help school districts address the increase in electrical costs. I appreciate the situation Ameren Illinois utilities are facing, and unfortunately there are limited positive outcomes for both sides of the debate. In looking over the school phase-in plan now before the ICC I would say that first of all, Ameren Illinois utilities are again showing their commitment to the partnerships that have been built with school districts over the years. This plan helps to offset major increases in rates that many school districts are facing. This program provides an option to districts that, for whatever reason, could not secure alternative providers. The phase-in plan allows school districts additional time to make educated budgetary decisions with more information when it becomes available. School districts certainly appreciate the additional option this plan provides."

Kevin Riggs, Spokesperson, St. Louis Regional Chamber & Growth Association

"Ameren's Illinois rate cap proposal is a real positive for the smaller businesses in Illinois. The inclusion of eligible schools and local governments will help too."

Michael J. Walters, Executive Director, Southwestern Illinois Employers Association

"Customer choice is an attractive feature of the Ameren Illinois plan. A package that includes small business, schools and local government will help relieve budgetary pressures on these customers and that could mean taxpayers could benefit as well."